

FISCAL NOTE

Bill #: HB0253

Title: Eliminate state inheritance tax

Primary

Sponsor: Rick Jore

Status: As introduced

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Expenditures:		
General Fund	(\$23,140)	(\$60,539)
Revenue:		
General Fund	\$0	(\$10,615,000)
Net Impact on General Fund Balance:	\$23,140	(\$10,554,461)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

1. The estate tax will continue to be collected.
2. Inheritance taxes will be eliminated retroactively to December 31, 1998.
3. There will be a need to complete inheritance tax work throughout FY2000.
4. It is estimated that currently in the inheritance\estate tax program 30-40% of staff resources are associated with estate taxes.
5. Currently there are four FTE in the inheritance\estate tax program
6. The 2.5 FTE will be phased out during the 2001 biennium.
7. One FTE would be eliminated in FY2000 and 1.5 FTE in FY2001.
8. Heirs will take the entire eighteen months to remit payment of the tax, so inheritance tax collections will continue through FY2000.

(continued)

9. The ratio of inheritance tax to total inheritance and estate tax collections is expected to be 62% in future years; this is the same ratio which existed for assessments in FY1998.

FISCAL IMPACT:

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
FTE	(1.00)	(2.50)
<u>Expenditures:</u>		
Personal Services	(\$21,664)	(\$56,849)
Operating Expenses	<u>(1,476)</u>	<u>(3,690)</u>
TOTAL	(\$23,140)	(\$60,539)
<u>Funding:</u>		
General Fund (01)	(\$23,140)	(\$60,539)
<u>Revenues:</u>		
General Fund (01)	\$0	(\$10,615,000)
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	\$23,140	(\$10,554,461)

LONG-RANGE IMPACTS:

1. The long-range yearly impact will be similar to that indicated for FY2001.

TECHNICAL NOTES:

1. Under §16 every estate would have to file an inventory with the department. Generally, the federal estate tax applies to estates with a value in excess of \$600,000. So if there is to be a filing requirement, it should be limited to those required to file a federal estate tax return.
2. In the title, section 72-16-215, MCA, is shown as both amended and repealed.